Unit 12 Manufacturing M3 - Answer

Bootle Metalwork Solutions
Manufacturing Account
For Year Ended 31st December ….

		£	£
Opening inventory of raw materials			6 000
Add purchases of raw materials			42 000
			48 000
Less closing inventory of raw materials			7 000
COST OF RAW MATERIALS USED OR CONSUMED			41 000
Direct labour			32 000
Direct expenses			3 000
PRIME COST			76 000
Add	Production/factory overheads		
	Indirect materials	3 000	
	Indirect labour	14 000	
	Rent of factory	9 000	
	Depreciation of factory machinery	10 000	
	Factory light and heating	4 000	
			42 000
			118 00
Add Opening inventory of work in progress			3 000
			121 000
Less Closing inventory of work in progress			5 000
MANUFACTURING COST OF GOODS COMPLETED			116 000
Revenue			225 000
Opening inventory of finished goods		8 500	
Production (MANUFACTURING) cost of goods completed		116 000	
		124 500	
Less Closing inventory of finished goods		9 000	
COST OF SALES			115 500
Gross Profit			109 500
Less non-production overheads			
	Sales and distribution expenses	26 500	
	Administration costs	46 000	
	Finance expenses	6 500	

	79 000
Profit for the year	30 500